

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

Murray Derksen, MMCCU
Vice President - Credit
Access Credit Union, Manitoba, Canada

November 2017

ABSTRACT

“Exploring a Principled Pathway to the Future” is a case study that considers how historic co-operative principles can revitalize and give new direction to Access Credit Union. Drawing on interviews, documentary sources, and the wisdom of numerous research articles and monographs, this Final Research Paper in the Masters of Management Co-operatives and Credit Union (MMCCU) program at Saint Mary’s University in Halifax, Canada, 1) assesses how closely the policies and practices of the credit union align with each of the seven principles; 2) evaluates the advantages and disadvantages of moving closer to each of them; and 3) recommends a pathway forward for the executive, senior management, and board of directors of Access CU. While Access CU has commissioned and consulted a number of operational studies, there has been no prior consideration of how these principles from the historic heart of the co-operative movement might provide Access with a lens through which to view the world “as it might be.”

The exploration found that the policies and practices of Access CU are well-aligned with three of the seven principles: Democratic Member Control (#2), Economic Participation (#3), and Concern for Community (#7). It is moderately aligned with Autonomy and Independence (#4), where industry regulations pose constraints over which directors, senior managers, and members have limited control. Access CU is moderately-to-well aligned in Co-operation among Co-operatives (#6), considered at the local, provincial, national and international levels. Since other credit unions are also key competitors, co-operation with them is at times “a fine line.” The directors, senior management, and staff at Access CU are well-aligned with Voluntary and Open Membership (#1); members, however, are deemed to be only moderately aligned. The principle showing the greatest variance is Education, Training, and Information (#5). The senior management and staff are well-aligned; directors are moderately aligned; and, significantly, members are poorly aligned.

Using concepts, theories, research and lessons from the MMCCU program, the paper evaluates the advantages and disadvantages of Access CU moving closer to each of the seven principles, considering them primarily in terms of benefits or drawbacks to members, community, employees, and financials. The priority target for improvement is better education for credit-union members and for the general public.

This study concludes with three specific recommendations for the Access CU executive, senior management, and directors: first, protect the distinctiveness of Access as a credit union by formulating policies for all of the seven co-operative principles; secondly, establish Key Performance Indicators (KPIs) for each of these principles; and, finally, focus on the educational needs of its members.

Key Words: Access Credit Union, co-operative principles, key performance indicators

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

About the Author:

Murray Derksen is the Vice-President Credit for Access Credit Union in southern Manitoba. A 1987 graduate of the University of Winnipeg, Murray completed his Bachelor of Arts with a double major in Economics and Business Administration. At Dalhousie University, he completed the Credit Union Institute of Canada general studies program in credit union administration and management (1999). In 2016, he graduated from Saint Mary's University with a Masters of Management Co-operatives and Credit Unions.

Murray.derksen@accesscu.ca

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

I. Introduction

The principles formulated by the Rochdale Society of Equitable Pioneers in England in 1844 have shaped the identity and guided the actions of co-operative endeavours around the globe for more than 170 years. Will Watkins, in his work *Co-operative Principles, Today and Tomorrow* (1985) contends that “(t)he validity of Co-operative Principles is founded upon the experience and common sense of the many, not on a revelation made to or by a few” (Watkins, 1986, p. 14). Johnston Birchall, in his article “Co-operative Principles Ten Years On” (2005), notes that these principles have been updated and interpreted through the decades, revitalizing the co-operative movement and giving it future direction” (Birchall, 2005, p. 45). The purpose of this case study is to examine how these historic principles can be utilized to revitalize and give new direction to Access Credit Union.

Although today many credit union members have only limited awareness of the Seven Principles, historically they were intended to demonstrate “the co-operative difference” (Rixon, 2013). Briefly stated, they are:

- 1) Voluntary and Open Membership
- 2) Democratic Member Control
- 3) Member Economic Participation
- 4) Autonomy and Independence
- 5) Education, Training and Information
- 6) Co-operation among Co-operatives
- 7) Concern for Community

By using these principles, A. Passey says, a co-operative “differentiates itself from, and competes with, other organizations” and, as S. Novkovic states, the principles “should be instructive on the strategic directions of the firm.” This study will explore how Access Credit Union can use the Seven Principles to differentiate itself from investor-owned financial institutions and to refine its strategic directions (Passey and Novkovic, as quoted in Beaubien, L. and Rixon, D. 2014).

This case study has a three-fold aim: first, to assess how closely the policies and practices of Access Credit Union, located in southern Manitoba, are aligned with each of the seven co-operative principles; secondly, to evaluate the advantages and disadvantages of moving closer to these principles; and finally, based on the foregoing assessment and evaluation, to recommend an appropriate pathway forward for the executive, senior management, and the board of directors of Access Credit Union.

While Access Credit Union has commissioned and consulted a number of operational studies, interviews with senior managers and board directors indicate there has been no prior consideration of this topic--the degree of alignment of Access Credit Union with the seven co-operative principles and the advantages and disadvantages of its moving closer to them.

Methodology

This case study is comprised of interviews with management and members of Access CU and a documentary review of annual reports, policies, newsletters and a survey conducted for Access CU by Corporate Insights. Interview respondents include the Board Chair, President and CEO, Chief Operating Officer, Vice President, Branch operations; Vice President Human Resources as well as several long-term CU members. In total, 16 interviews were conducted.

Context

Access Credit Union Limited (Access CU) located in Manitoba, Canada has branches in 17 communities in the region. It was officially established on July 1, 2009 through the amalgamation of four southern Manitoba community credit unions. Access CU has 48,156 members and assets of \$2.1 billion and employs approximately 273 people. In the past three years (2014, 2015 and 2016), Access CU was named to the prestigious “Top 25 Employers in Manitoba,” an award recognizing that it met “benchmarks for an extraordinary workplace including working conditions, stability, benefits, flexibility, community involvement, and the ability to further each individual’s career as it suits their aspirations while balancing their life goals” (Access CU Annual Report, 2015, p. 20).

The leadership and employees of Access CU are committed to its mission and core values. The organization seeks “to be an innovative, financially sound credit union dedicated to high standards of member service and supportive of the communities we serve.” Access CU takes pride in being community-focused and a dynamic and respectable corporate citizen. This defining characteristic is reflected in its statements of vision, mission and core values.

Access CU introduced an overarching strategy in the fall of 2012 focused on “Four Pillars”—Members, Communities, Employees, and Financials. While there is no hierarchy among the four, strong financials are vital to the other three. These Four Pillars are discussed and applied in the strategic planning sessions of both Access CU directors and managers.

II. Access CU’s alignment with the Seven Principles

The following sections examine Access CUs current alignment with the Seven Principles in terms of the organization’s policy and governance documents and then in terms of management practice.

Principle 1: Voluntary and Open Membership

Access CU Policy / Governance Documents. “Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination” (ICA Statement on the Co-operative Identity).

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

Access CU Policy / Governance Documents

As an organization, Access Credit Union's memberships are voluntary and open to all individual and corporate law-abiding citizens who wish to purchase a \$5.00 share. Access Credit Union does not discriminate against gender, social, racial, political or religious beliefs and/or affiliations.

Less than 0.05 per cent of applications are rejected. On the rare occasion when a new account is not opened or an existing account is terminated, the procedures follow Access CU's Limited Member Accounts Policy, which states:

“Any of the following are considered grounds to decline a membership application:

- Applicant has been a party to a previous loss to any financial institution.
- Applicant has been convicted of theft, forgery, fraud, or any other offence which has a bearing on whether an applicant is appropriate for membership.
- Applicant has been declared bankrupt.
- Applicant has a bad credit rating which includes, but is not limited to, instances of credit arrears, NSF's, Consumer Proposal, legal collection proceedings, write-offs, pending/outstanding lawsuits, judgements, garnishment orders, etc.
- Any other indication which might reflect poorly on the trustworthiness, integrity, or honesty of the applicant.”

Access CU Practice

As previously mentioned, membership applications are rarely declined or terminated. The only time an account is not opened for a potential member is if the applicant has demonstrated an inability to “accept the responsibilities of membership.”

Although Access CU does have members across the country, the majority of the memberships have postal codes which are located in Southern Manitoba. Access Credit Union also raises funds (term deposits) through an agency and broker network across Canada. Since any person, corporation or organization that has a deposit account with Access CU must comply with its regulatory policies stipulating they must be members, the agency/broker clients are granted “associate memberships” and do not pay the standard \$5.00 fee.

When interviewed, Access senior managers and directors on the board all concurred that Access CU follows the International Co-operative Alliance's guidelines for voluntary and open membership. One management respondent expressed absolute certainty that the credit union aligns with Principle 1. “We, as an organization, do not limit access to anyone,” a senior Access CU respondent says. “Our membership is not overly diverse, but this is mainly due to the geographical area of the country that we're situated in”.

Assessment of Access CU Alignment with Principle 1

Based on both the policy and practice of Access CU, the board of directors, senior management and staff appear to be well aligned with Principle 1; the membership is moderately aligned with this principle.

Principle 2: Democratic Member Control

“Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner” (ICA Statement on the Co-operative Identity).

Access CU Policy / Governance Documents

Democratic member control is the essence of the co-operative philosophy. According to another respondent: “Without democratic control, I do not believe we stay a credit union”.

Access CU is governed by a board of 11 directors, elected from three different districts: West, East and Central Regions.

Each district is represented by three directors, whose terms are staggered so that each district elects one director each year. In addition, there are two directors-at-large. All members of the Credit Union are entitled to cast ballots for the election of Directors-at-Large, and since there are only two of these positions, elections for them are held every two out of three years.

Access CU Practice

Unlike a member of a legislative assembly, an individual elected to the Access CU board of directors represents not just a geographical constituency, but the entire credit union. When making decisions, a director must bear in mind the interests of all members.

Access CU supports the co-operative statute where members have equal voting rights and follow the model of “one member, one vote.” Historically, voting at Access membership meetings has been conducted in person and by secret ballot. To make elections more convenient for members and to encourage their participation, in-branch electronic voting was introduced in 2013.

The Access CU board of directors focuses primarily on governance and setting the strategic directions. They rely on the President and CEO, along with senior management, to implement the strategies and to focus on branch operations.

Asked how effectively Access CU complies with the co-operative principle of democratic member control, a respondent insisted it “is key to the credit union system” and noted his belief that “we practice this very strongly.” He added:

“We improved in this area over the last few years by allowing in-branch voting and with the introduction of multi-locational meetings. With continuous improvement in technology and the coinciding reduction in its cost, we should be able to continue to take this further, by having online voting for Directors as well as in-branch and by facilitating AGM’s or special meetings where members can watch on their computers from home and vote online. We are not there yet but I’m betting we will be within 5-10 years.”

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

Another respondent observed that Access CU “has engaged members but could have more diversity within the board.” “Only three out of 11 members are women,” he says, “and our current board represents a more senior or aged demographic”. The respondent suggested this weakness could be improved by being more proactive in recruiting members to serve on the board. Access CU could also be more innovative. For example, it could initiate Community Councils. As co-operatives grow, it becomes more difficult for them to gauge the pulse of their members and branch communities. The priority in one community may be responding to food-bank needs while another may wish to tackle drug abuse. Community Councils can act as advisory boards and to balance corporate decision making with local/branch decision making. An extension of this might be to implement monthly membership meetings. As Sonja Novkovic notes, this is done by co-operatives in Cuba (Novkovic, 2016).

The increased and complex regulations in the financial industry also may constrain the democratic control of members. A respondent recognized that in the future “the credit union may be pressured to recruit members with specific competencies”.

Despite such needs and challenges, clear evidence of democratic control is illustrated through member rejection of a proposal to merger with another CU. Both the local credit union by-laws and provincial legislation were amended and the use of audio-visual technology enabled many more members to participate and express their views.

Even so, more can be done to extend the democratic control of Access CU members, according to a life-long credit union member: “the majority of members in this day and age are not interested in physically attending meetings, but would likely vote on-line”. Besides using mobile technology to update members’ means of control, the respondent recommended that Access invest more time informing members of the credit union’s activities and successes. His feeling during the merger vote was that members did not know what they were voting on and they just followed the advice of church leaders or influential friends.

Assessment of Access CU Alignment with Principle 2

Based on the foregoing information, Access Credit Union is well aligned with Principle 2 and, through its elected representatives, does a good job of enabling and supporting Democratic Member Control within the organization. It secured a change in both provincial legislation and local credit-union by-laws to enable members to vote in multiple locations.

Principle 3: Member Economic Participation

“Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership” (ICA Statement on the Co-operative Identity).

Access CU Policy / Governance Documents

Access CU does not have a policy specific to Member Economic Participation. However, the Credit Unions Act does relate to this in Section S. 214 “Redemption of shares and payment of dividends.” This legislation addresses when credit unions cannot pay patronage dividends, which normally is due to the constrained financial position of a CU. In the 2015 fall planning session, the Access CU board decided that members should receive money up front (through lower loan rates and higher deposit rates) rather than paying patronage dividends. It is senior management’s task to implement this strategy.

Access CU Practice

“Member Economic Participation” is at the discretion of the board of directors and it is difficult to determine just what it is. As one respondent defined the principle, it “means sharing profits of the organization”. The respondent interpreted “Member Economic Participation” to mean that “all members to benefit from the economic proceeds of the credit union”. This sharing or benefitting the members can be done in many ways, which include but are not limited to the following: payment of patronage dividends, up-front discounted pricing, reduction or elimination of service fees, offering alternative modes of service through technology, retaining equity in the organization, and providing financial and volunteer support to assist non-profit and community organizations.

The research found that the Access CU board finds it difficult to determine the best means for distributing and/or investing the “surplus capital.” Historically, the formula for patronage dividends may have been fair but not equitable, or equitable but not fair. In general, the credit union system in Manitoba has transitioned away from the traditional practice of allocating patronage dividends (or, in some cases, reducing the amount) in order to provide members with lower fees and more competitive, up-front interest-rate pricing on both savings and loans. The modern-day consumer of financial services is knowledgeable, can access competitors’ prices easily through the Internet, and expects fair and equitable pricing. Members also expect their credit union to provide services through up-to-date technology that requires financial resources.

All members of Access Credit Union have purchased a \$5.00 share. Traditionally, Access Credit Union allocated funds for patronage dividends and each year paid out these dividends (or a portion of them). Over the past four years, Access Credit Union has paid out the entire surplus shares (patronage dividends), a total of \$14.4 million: \$2.7 million in 2013, \$3.2 million in 2014, \$4.0 million in 2015 and \$4.5 million in 2016.

One respondent maintained that the credit union does a good job of adhering to the third co-operative principle. He expressed satisfaction when he reflects on the economic participation of CU members. “In my mind, we do this very well,” he says, “first, by returning the surplus shares to our members in cash over the past four years. We’ve returned just under \$15 million (including 2016). In addition, because we’ve strengthened our financial position and become more efficient despite the Bank of Canada rate reductions, we have improved our rates to members. This puts money directly in their pockets and that is most fair since it rewards our members to the level they are participating. We provide strong rates on both the lending and deposit side and members see their benefit immediately, rather than having to wait until the end of the year and have the board decide on a potential patronage dividend”.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

Access members also expect their credit union to provide services through up-to-date technologies that require the commitment of ongoing financial resources. A senior Assess CU respondent contended that “value of the common property of the co-op has diminished over the years.” Member’s views have not changed, but both their expectations and the industry have. The industry now has different service providers – mobile apps versus tellers. Due to decreased margins, we must make choices. To provide sustainability, we must monitor or reduce our costs to insure sustainability”.

Another respondent takes the technology change idea a step further. “In an ever changing environment,” he suggests, “a paradigm shift may need to take place. Our transactions are now 13 per cent in-branch through staff and 87 per cent external through electronic means. We must determine whether members who use electronic means should be rewarded given that their external transactions are much less costly to our credit union”.

“Member Economic Participation” also includes a credit union’s equity. Based on Access CU’s audited financial statement (December 31, 2015), its equity included retained earnings of \$134,108,833, accumulated other comprehensive income of \$178,030—\$240,780 in common shares and \$4,504,471 in surplus (patronage) shares (which by March 2016 were fully paid out to the membership, leaving the balance at zero). Credit unions in Manitoba are now legislated to maintain a balance-sheet equity position of 5 per cent. (As of December 31, 2015, the equity position of Access CU was 6.7 per cent). With a lower interest-rate environment and reduced margins, maintaining this equity position is becoming more challenging and expenses within the organization are closely monitored.

The common share capital of \$240,780 for an enterprise of over \$2 billion is significantly less than a comparable financial organization in the private sector would have. Certainly this is a distinction between Canadian credit unions and Canadian chartered banks. Stefano Zamagni, professor of economics at the University of Bologna, makes precisely this point—“Co-operatives do not have the ability to raise capital such as the private sector does” (Zamagni, 2015). As a co-operative endeavor, Access CU lacks the ability (or luxury) to raise capital through such avenues as the stock market and must work diligently to maintain enough equity to insure the members’ economic well-being.

Assessment of Access CU Alignment with Principle 3

Based on the legislative documents that guide the board of director decisions and the commitment of senior management to benefitting members, Access CU is well aligned with Principle 3.

Principle 4: Autonomy and Independence

“Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy” (ICA Statement on the Co-operative Identity).

Access CU Policy / Governance Documents

Maintaining autonomy and independence can be a complex task for any co-operative; and this is particularly true for credit unions due to the increasingly stringent regulations and controls imposed on them by various regulators in the financial industry.

Section 21(1) of the Credit Unions and Caisse Populaires Act mandates the minimum capital requirements for a credit union:

- “The credit union’s capital base will not be less than 5% of the book value of its assets”;
[Access CU is currently at 6.74% (2015), which is a decrease from 6.81% (2014)].
- The credit union’s retained earnings will not be less than 3% of the book value of its assets”;
[Access CU currently at 6.51% (2015), which is an increase from 6.33% (2014)].
- The credit union’s capital base will not be less than 8% of the risk-weighted value of its assets determined in accordance with Section 21(1) of the act”;
[Access CU currently at 11.92% (2015), which is a slight increase from 11.91% (2014)].

Access CU Practice

Various regulatory bodies govern the operations of Access CU and compliance with their capital requirements appear to limit the organization’s autonomy and independence.

“We now live in an extremely regulated industry,” expressed one respondent, “and the gravitation towards greater regulation will continue to diminish the level of autonomy and independence we once enjoyed. We are definitely independent of other credit unions relative to decisions we make, but we cannot make the same statement about DGCM (Deposit Guarantee Corporation of Manitoba), FinTrac, FIRB (Financial Institutions Regulations Branch), and OSFI (Office of the Superintendent of Financial Institutions).” The Access CU regulators presently adhere to Basel II. Basel III, which will increase the required level of equity, is being discussed and likely will be implemented in 2016 with a five-year “phase-in.”

The respondent indicated that the financial benchmarks set by DGCM and the regulations imposed by FinTrac have had the greatest impact on the autonomy and independence of Access CU. He says: “DGCM has the most impact behind-the-scenes on the credit union; FinTrac has the greatest initial impact on our members.”

The respondent explains the challenging effects of DGCM:

The major financial benchmarks for liquidity, equity and profitability were set many years ago by DGCM and Access CU developed strategies to exceed those benchmarks. Recently, the regulators increased the thresholds and in a normal time that would not have had a huge impact. However, in a low interest-rate environment, where there is talk of the Bank of Canada reducing rates further and increasing liquidity requirements at the same time as equity and profitability benchmarks are increased, it puts stress on the organization. It is virtually

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

impossible to raise our liquidity level and increase our profitability at the same time, especially in an ever-decreasing interest-rate market.

Similarly, FinTrac regulations complicate credit union operations.

“They now mandate extra time to open accounts and require detailed identification from people who have dealt with Access for many years. It creates confusion, frustration and irritation among the membership and it’s all completely out of the credit union’s control. While financial institutions must adhere to the regulations, this goes little distance in appeasing our membership”.

While the many regulations may restrict the organization and at times make strategic and operational decisions difficult, one respondent pointed to the proverbial silver lining. “It often helps us maintain stability within our organization and the system as a whole”.

An Access CU member respondent indicated he believes the organization continues to be autonomous. From his perspective, the organization historically has had a strong executive team supported by its board of directors. The respondent believes the key decisions are made locally and that the credit union is not “controlled” by a regulator. Another respondent agreed. “I think when we sit down with the board to develop a strategy,” he says, “if we understand the regulations, we can factor them into our long-term goals and direction and so still enjoy some autonomy and independence”.

Despite the many regulations, Access CU still is autonomous and independent in many ways. Like other credit unions within the province and country, Access determines its own operational strategy, pricing structure and marketing philosophy. It sets fees and interest-rate structures on deposits and loans; it establishes service standards; and it formulates independent marketing campaigns. As noted earlier, it also can determine what to do with its profits—e.g. distribute to members, provide attractive rates, re-invest in technology, support community projects.

The training Access CU provides for staff makes them more capable decision makers who can function independently and autonomously. As well, the self-serve options the credit union now provides (e.g. mobile app, deposit anywhere, Interact Online) increases the independence and autonomy of its members.

According to a respondent: “Out of the seven principles, autonomy and independence is the largest moving target for credit unions. It is really important to nurture it.” This respondent viewed the changing credit union landscape is conducive to amalgamation and collaboration. The amalgamation of credit unions can be viewed as a loss of local autonomy and independence to the partner organization, but for some smaller credit unions, that step may be the only means of survival and a way to maintain an “independent” presence in the local community.

Assessment of Access CU Alignment with Principle 4

The policies and practice of Access CU are constrained by regulatory forces over which the board of directors, senior managers and members have limited control. Nonetheless, the board and managers make the final decisions on how to address the regulations and, with foresight, many of them can be incorporated into long-term goals and direction. Based on the factors described above, Access CU is moderately aligned with Principle 4.

Principle 5: Education, Training and Information

“Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation” (ICA Statement on the Co-operative Identity).

Access CU Policy / Governance Documents

Zamagni (2015) argued that “co-operatives were initially intended to invest in human capital – employment, training, education”. Access CU strongly endorses that concept and the co-operative principle of training and educating its board of directors, its staff, and its members.

Each director of the Access CU board is required by policy to complete the Credit Union Director Achievement (CUDA) program within three years of being elected. In addition, directors are expected to participate in the ongoing training provided as part of their monthly meetings, to take one additional instructor-led CUDA course (or equivalent) each year, and to complete bi-annually the on-line Privacy and Anti-Money Laundering courses provided by CUSource, the national training and development resource for the credit-union system operated in partnership with Dalhousie University.

At present, Access CU has no formal policy relating to the education or training of its managers, employees, and members or of members of the general public.

Access CU Practice

While there is no official policy guiding the education and training of employees, Credit Union members, or members of the public, a respondent contended that “Access believes and adheres strongly to Principle #5.”

We have implemented ongoing training for all staff under the A+ banner, we have a strong training and orientation program for new employees, our directors undergo ongoing development, and we strongly promote staff continuing their education at the university, undergraduate and graduate level. We are transparent with our membership and continue to try and provide education on financial services to the membership and communities at large.

Elected Representatives: Board of Directors. As noted above, directors elected to the Access CU Board are required to complete all three levels of the CUDA program within their first three years (first term) of serving on the Board. Briefly stated, this three-level governance program (A, B, C) provides an overview of the Credit Union system, outlines the roles and responsibilities of the board and directors, reviews legal basics, covers financial statements and asset-liability management, explains strategic planning and accountability, and teaches the recruitment, monitoring and evaluation of management.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

There are further educational training opportunities available through Credit Union Executive Society (CUES) and some board members have taken advantage of them. In time these may be required, since Access CU recognizes the need for increased skills at the governance and oversight level. A management respondent noted: “The current educational requirements are not enough for our Board of Directors to effectively address the current emerging trends and changes in the credit-union landscape and to properly align with the strategic goals of the organization.” Such increased board training was also a recommendation of provincial regulators following a recent DGCM Audit. Access was instructed to “develop a board training ‘action plan’ that would both individually and collectively ensure an adequate skill set is evident in leading an organization our size”.

One respondent also addressed the need for increased board education. “The regulations now make the democratic control process more difficult,”:

The procedures are complex, more complex than just financially. The meetings and AGM’s from 40 years ago have changed. The board and senior management must look at more than just the historical primary key indicators such as net profit, growth and delinquency. It has become more abstract. Now we also have to focus on such off-balance sheet indicators as regulated liquidity levels, asset-based equity, IT-risk reporting, and regimented account opening practices.

Subsequently, the respondent noted that “these new governance terms of reference will require directors to enroll in additional educational courses annually and the Board to construct a formal educational strategy that will focus on understanding systems, risks and other pertinent variables”.

Managers & Employees. Access CU has created a culture that emphasizes the importance of training and education. The number of employees taking various formal and credit union-based courses attests to this strong commitment. Currently 41 employees (21.5 per cent of full-time staff) are enrolled in post-secondary education programs. This includes two employees in the CPA program and six employees in Masters/MBA programs.

Staff new to Access CU take a sales and service program which internally has been branded A+. The credit union offers these training sessions two or three times a year, whenever there are enough new employees to form a class of seven or eight. All of the Access staff have gone through both A+ and Heart of Coaching training. Originally designed for sales staff, the “A+” training program was developed by Palmetta Performance Solutions through Sask Central and it enables employees to use good questions and respectful dialogue to ensure that the needs of CU members are fully met. The “Heart of Coaching” program follows the transformational coaching model of Thomas Crane, a consultant who specializes in the development of high-performance coaching cultures. In its implementation at Access CU, it aims to provide better staff interactions with members.

The majority of Access’ job descriptions and employment letters commit employees to furthering their education. At present, 30 employees are enrolled in the Credit Union Institute of Canada (CUIC). Between 2012-2016, 146 employees have been enrolled in various other core-

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

competency courses, such as the e-learning courses available through the national Learning Center of CU Training Inc.

With the costs covered 100 per cent by Access CU, these courses allow staff to enhance their knowledge and increase their wages. A recent research report from the Conference Board of Canada states that “organizations with strong learning cultures tend to exhibit better overall organizational performance and have stronger leadership development practices.” The same report indicates that in 2014-15 the average Canadian organization spent \$800 per employee. By contrast, in 2015, Access CU spent \$500,802 on employee education and training, an amount which represents \$2,622 per full time staff member or \$1,834 per employee.

Members. The majority of our current wealth and wellness training or education is focused on one-on-one consultation with our lenders or financial planners.

Most of the wealth and wellness education for Access members takes place in interactions with credit-union staff. Currently this education is focused in one-on-one consultation with lenders or financial planners. Yet, according to a 2014 Member Survey, 54 percent of the respondents had never met with an Access CU advisor or an in-branch Credential Asset Management Mutual Funds representative.

Informing the General Public. Access CU provides various community groups with financial seminars, including presentations in senior centers focused on wealth management, retirement savings plans, and Elder Abuse. It offers financial-planning information on RDSA (Registered Disability Savings Plan) to local organizations which employ mentally-challenged staff.

Access CU staff participate in “classroom education” in local public schools in several ways. Some serve as readers in community and elementary school reading programs. Others volunteer as instructors for the “Ag in the Classroom” program, helping students to learn more about agriculture and its role in the provincial economy. Still others assist with the Junior Achievement program, teaching financial literacy, work readiness, and entrepreneurship.

Access CU staff also serve as resource personnel at career fairs and work with the high school teachers and community-college instructors as they teach students to create presentations, write resumes and practice mock interviews. Access CU welcomes students in their work-experience placements and this program is mutually beneficial. Many of these students subsequently are hired for part-time or full-time employment at the credit union.

Assessment of Access CU Alignment with Principle 5

While there is no official policy for the education of employees, Access is recognized both internally and externally as doing an exceptional job and, in this area, it can be said to be Well Aligned. The policies of Access CU mandate and prescribe the training for the Board of Directors. The growing complexity of governance and oversight, however, requires even greater knowledge and skill on the part of these elected representatives. In this area, Access CU is Moderately Aligned and is taking action to improve.

Access CU might also be said to be Moderately Aligned in the area of informing the general public, though there is much room for improvement. The area of greatest concern is that of member education, which appears to be Poorly Aligned.

Principle 6: Co-operation Among Co-operatives

“Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures” (ICA Statement on the Co-operative Identity).

Access CU Policy / Governance Documents

According to Dutcher (2013), “People in nearly every country around the globe have benefited from the co-operatives”. “There are few limits to what people can accomplish when they work together for their mutual benefit”.

While Access CU has no specific policy relating to the principle of co-operation among co-operatives, the guidance from the Board to management is to be “co-operative citizens.” Access has shared models of governance and numerous policies and procedures with other credit unions in the system. A respondent noted that “he believed that Access Credit Union does a good job relative to this principle, Access co-operates in any manner possible and there are few areas where we don’t share information, ideas or practices. The only time we wouldn’t co-operate was if it was considered to be detrimental to our members”. The respondent notes that Access operates in a highly competitive credit-union environment and “as such, being co-operative can be a fine line”.

Access CU Practice

Access CU co-operates with many stakeholders within the credit union system. These include but certainly are not limited to the Credit Union Central of Canada, Credit Union Central of Manitoba, Central 1, Co-operators, CUMIS (provider of all of Access CU’s liability and bonding insurance), Celero (provider of banking service and technology support), and CRI (provider of creditor insurance and loan-origination system).

Access CU is involved in a number of local, provincial, national and international initiatives that reflect the organization’s philosophy of being a “co-operative citizen” within the credit-union system.

Local. In the past, Manitoba Credit Union Central had a courier system that provided pick-ups and deliveries to every branch in the Manitoba credit-union system. However, many CU members now utilize point-of-sale machines and write fewer cheques. This reduction in the number of cheques, coupled with their electronic clearing, has rendered the centralized courier system unnecessary. Access CU has developed its own courier service within its geographical footprint, and this service is also used by other CU stakeholders, such as law firms, accounting firms, and land title offices.

In 2010, Access CU developed a Loan Processing Centre (LPC) that centralized its loan processing and disbursements. This was a major change to the traditional approach and, though the organization experienced some growing pains, it persevered and achieved a smooth-functioning department that is now emulated by other credit unions. Access CU has been open in sharing with other credit unions its experience, learnings, and recommendations.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

Provincial. Access CU contributes to a number of projects for the betterment of the co-operative credit-union system. Its staff are involved in many of the Credit Union Central of Manitoba (CUCM) committees, and one of the Access directors serves on the CUCM board. Currently, it is a member of a five credit-union “working group” that is collaborating with CUSource to fund and design new FSR (Financial Service Representative) training materials. Once the material has been completed, it will be available to credit unions all across the country.

According to a senior management respondent, “co-operation with other credit unions means “building economies of scale without losing the organization’s autonomy”. Her description applies to Access’ collaboration with other provincial credit unions as a sponsor for the Canadian Museum of Human Rights in Winnipeg. Over a five-year period (2008-2012), the combined credit unions donated \$317,532 to that building project. Access is also involved in a loan syndication with multiple credit unions to finance True North (Winnipeg Jets National Hockey League). The package would be too large for any single credit union, but this co-operative loan approach demonstrates that the credit-union system is a viable option for large transactions.

Access collaborates with other credit unions even when it is aggressively competing with these same institutions in terms of financial rates. The co-operation includes loan syndications and the sharing of ideas and procedures in information technology, programming, banking, lending, and human resources.

National. At the national level, Access CU staff participate in such conferences as the National Lending Conference, the National CU Conference, and the Celero Conference. In addition to what they learn from seminars and round-table discussions, they also find it an excellent opportunity to network.

International. Access CU has also sponsored employees to participate in the international Co-operative Development Foundation (CDF), a program that reaches out to co-operatives in Third-World countries, helping them to develop and implement policies, strategies, and procedures. Access has also reciprocated and hosted co-operative staff from Africa when they toured Canada.

Assessment of Access CU Alignment with Principle 6

Based on Access CU’s “Co-operative Citizen” culture and its various efforts to collaborate with other credit unions and stakeholders, the organization is Moderately to Well-Aligned with this principle.

Principle 7: Concern for Community

“Co-operatives work for the sustainable development of their communities through policies approved by their members” (ICA Statement on the Co-operative Identity).

An important part of the Access CU mission statement is to be supportive of the communities it serves. The directors, managers, and staff take great pride in their support of community needs through both financial donations and volunteer efforts.

Access CU Policy / Governance Documents

The Access CU board of directors, in its “Community Investment Policy,” mandates that three per cent of gross profits go back to the communities served as charitable donations. Annually, management prepares a community-investment budget for approval by the Access board. Each credit-union branch is assigned its own specific community budget and local managers approve requests following a clear set of guidelines.

The areas of interest for community-investment projects include arts and culture, education, environment, health and welfare, and sports and recreation. Priority is given to capital projects, projects that encourage participation of diverse groups and individuals, and projects that build effective partnerships within the community.

Access CU Practice

Access CU has existed for only seven years, but the “Concern for Community” principle has been evident throughout the history of the evolving organization. The donations section in the year-end financial statements of any of the legacy credit unions confirm their ongoing commitment to the community, as do public acknowledgements at local golf courses, skating and curling rinks, community parks, etc. The Morden Recreation Centre is now known as “the Access Event Centre” and the Morden Senior Centre has been renamed “the Access 55+ Centre” in recognition of the credit union’s financial support.

Access Credit Union is known both in the region and within the Manitoba Credit Union System as being “community-focused.” Some would say this is Access CU’s “differentiator.” In 2015 Access Credit Union donated \$487,000. Access Credit Union donates an additional two percent to larger projects. In the last three years, Access has committed \$250,000 per year to three different assisted-living complexes for seniors. Other beneficiaries of this program were a community opera house which used \$50,000 to refurbish its facility and a local fire department which received \$30,000 toward the purchase of a fire-rescue truck for use with brush fires. Through “Jeans for Charity,” Access staff members who commit to a minimum payroll deduction of two dollars per week can wear jeans at work on Friday. This popular program has close to 100 per cent staff participation and during the past year raised approximately \$26,000, a sum that was matched by the credit union.

Access CU has financially supported a charity called “Build a Village” which some members, working with local churches, have used to sponsor a number of high-need Syrian families. Access CU has also been involved in “creative” residential financing packages to accommodate these new members and citizens.

In addition to volunteering at company-sponsored events, Access staff are encouraged to volunteer within the community. The volunteer activities range from teaching Sunday school, helping out with the canteen at the local hockey/curling rink, spending time with residents at local personal-care homes, to volunteering with the local fire department.

One of the benchmarks for Access CU’s incentive pay program is that 80 per cent of the staff must volunteer a minimum of eight hours a year. Over the past three years, Access CU employees have charted a total of 26,460 volunteer hours (7208 hours in 2015; 9492 hours in

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

2014; and 9760 hours in 2013). The average number of volunteer hours per employee from 2013 to 2015 respectively is 35.9 hours, 36.1 hours and 28.6 hours.

In addition to all the volunteer hours and financial support that Access CU contributes to local communities, the organization also focuses on providing great service to these communities with fair and equitable pricing. In many cases, Access CU is the largest or only financial institution in the community. It provides both banking services and employment in these communities that otherwise would be underserved or not served at all.

Assessment of Access CU Alignment with Principle 7

Access CU's "Concern for Community" is articulated in its policy, its mission statement, and in the management "Four Pillars." It also is amply evident in its practice. With generous donations of money and staff time to community needs, Access CU is clearly Well Aligned with this principle.

III. Advantages / Disadvantages of Access CU Moving Closer to the Seven Principles

Writing a decade after the ICA update of the famous Rochdale principles, Johnston Birchall noted that "the values and principles are not 'set in stone'" and that they would need to be reviewed to "keep the co-operative way of doing business relevant to changing conditions" (Birchall, 2005, p. 46). Similarly, Lou Hammond Ketilson, in her article "Revisiting the Role of Co-operative Values and Principles" considered the impact of the Canadian "Eurocentric model" on First Nations' people and concluded "we must open ourselves to diverse viewpoints and understandings of what the organizational model could be or should be" (Ketilson, 2006, pp. 2,12).

Such reminders are important as we turn our attention to the second aim of this Access CU case study—an evaluation of the advantages and disadvantages of moving closer to each principle. In the process, it will be helpful to consider their merits and limitations both individually and collectively.

One could examine the advantages and disadvantages in light of profits accrued, costs and labour saved, efficiencies found, effectiveness achieved, dependencies avoided, and so on. But, for the purpose of this study, we will consider them primarily in operational terms, using the strategic "Four Pillars" introduced at Access—the benefits or drawbacks to members, to community, to employees, and to financials.

Principle 1: Voluntary and Open Membership

Access CU is an open-bond credit union and accepts memberships from anyone, regardless of age, gender, race, social standing, political beliefs or religious affiliations. The membership application process is simple, entailing only a few questions and requiring a minimal \$5.00 fee. Members can become as active as they wish. This is a direct benefit to the "Member" Pillar as it includes all existing and potential members.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

The typical member of Access CU might be described as a “user,” one who is not involved with day-to-day business operations. This limited engagement can be construed in a positive light, as an indication of the member’s satisfaction with the organization’s service and direction.

Not all members join a co-operative organization for the same reason or purpose, and members participate in different ways. In a publication titled “Declaration Towards the 21st Century,” the ICA discerned several types of involvement:

One way to understand the possibilities of membership is to understand that the members of most co-operatives relate to their organisation in three ways. First, they are owners: they should attend meetings, vote in elections, make decisions on matters referred to them by the board, and assist in the promotion of their organisation. Second, they are users who patronize their co-operative, constructively suggest how it might be improved, and appreciate the benefits that patronage brings. Third, they are investors, minimally if that is all that is required, more significantly if there is a need. All three of these kinds of relationships should be fostered; each has its own responsibilities, each its own rewards (International Co-operative Alliance ICA, 1996).

One also might suggest a fourth way of relating—an ‘opportunistic’ member who joins out of necessity. A number of Access CU branches are located in communities which have no other financial institution. For some members in those communities, the primary reason for dealing with a credit union is that there is no alternative.

Little change, if any, is needed in the “Membership” policies of Access CU. However, in its practice the CU management and staff might give greater emphasis to the bonds of membership. As Ian MacPherson points out in his history of the Canadian Credit Union movement, “members” are much more than customers. Credit unions enjoy an “affinity relationship” with their members, “what some have called the ‘membership advantage’” (MacPherson, 2012, p. 6).

At Access CU “the responsibilities of membership” usually are depicted in financial terms: good credit rating, record of solvency, absence of convictions for theft, forgery or fraud. But, echoing the 1996 ICA declaration, MacPherson contends: “Credit union membership should take place on three levels, involving ownership, rewards and responsibilities.” The responsibilities include “taking an interest in it [the credit union], patronizing it loyally (as long as service is effective), and, as needed, investing in its future stability” (MacPherson, 2012, p. 7). Certainly such engaged members would be welcome at, and beneficial to, Access CU.

On the other hand, if Access CU maintains or extends its “open” membership, it also may inherit—and need to manage—some of the contemporary social, political, and religious conflicts. The population in the Southern Manitoba region is becoming more diverse, a trend reflected in the increased diversity of Access CU staff. Arguably, some Access members may need to shift their attitudes to a more inclusive stance and, in the co-operative spirit, allow for others accommodations they expect for themselves. Specifically, this would include greater tolerance and respect for individuals representing the LGBTQ+ community and non-Christian faith traditions.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

This need for a changed outlook presents Access CU with a significant challenge but also an opportunity to foster and develop a greater acceptance of diversity in its membership. In the long-run, fulfilling the credit-union principle of Voluntary and Open Membership will allow Access to offer a broader range of products and services and attract potential new members.

Principle 2: Democratic Member Control

Like “Voluntary and Open Membership,” “Democratic Member Control” clearly relates to Access CU’s “Member” Pillar.

While Access CU is governed by the co-operative philosophy of “one member, one vote,” the member-elected Board of Directors sets the strategic direction and makes most of the major decisions. Ketilson (2006) reminds us, however, that democratic management styles should “meet not only the requirement of representativeness but also that of responsiveness” (Ketilson, 2006, p. 4).

Continuously striving to engage members may afford Access CU an enriched and broader perspective on both its operations and its governance. Ultimately, a credit union exists for its members and they have the right (some would say ‘the obligation’) to voice their opinions and declare their values. Naturally, the greater the number of participants, the stronger and more definitive the outcome may be.

Access CU continues to look for improvements in this area and the next step may be to introduce a mobile app for on-line voting. A local business respondent reminds us that “in this day and age most members are not interested in physically attending meetings” (Thiessen, 2016).

As technological advances allow members to respond more frequently and directly, Access and other credit unions may also confront one of the drawbacks of Democratic Member Control. The results can be disruptive and unpredictable. Decisions can be swayed by passions of the moment and take little heed of long-term strategic needs of the organization.

MacPherson, in his historical review of Canadian credit unions, notes that in their formative stages they “were essentially populist organisations...” At its best, this populist sentiment champions the needs of the “little man” and a belief in “the capacity of ordinary people to be ‘masters of their own destiny’” (MacPherson, 2012, p. 13). Yet it also can override the leadership and careful deliberations of elected representatives who have developed the knowledge and skills to guide a growing and highly regulated organization.

Another potential drawback of Democratic Member Control relates to the speed of decision making in rapidly changing circumstances. In the modern business environment, “windows of opportunity” can be brief. In his book *Innovation and Entrepreneurship*, distinguished business consultant Peter Drucker suggests that the window is especially limited for such knowledge-based industries as financial services and that a delayed entry reduces an organization’s prospects for success and survival (Drucker, 1985, pp. 120-124).

Birchall (2005) has noted that the involvement of credit-union membership in key decisions “can be costly and slow down decision making.” This was illustrated by Eric Dillon, CEO of Conexus CU in Saskatchewan, when he addressed the concept of “moving forward” at the Canadian Credit Union Association (CCUA) conference in Saskatoon on June 3, 2016. The discussion

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

revolved around payment solution through mobile apps. Recognizing that all credit unions had one vote, regardless of their size and capital assets, Dillon pleaded with attendees—even those who were not on board with the program and its associated costs—not to stand in the way of the credit unions that wished to move forward with the approach.

As credit unions move forward, these two concerns—the leadership of elected and trained representatives and the need for rapid decision making—may be central to the well-being of many credit unions. More than a decade ago, technology visionary Howard Rheingold predicted that mobile communication tools and the emerging social networks would challenge traditional ideas of community and place and transform businesses or render them obsolete (Rheingold, 2002, pp. xvi, xxii). Now, with the growing use of financial technology (FinTech), dramatic changes are not far away. Some industry experts predict “the banking industry will experience more disruption in the next 10 years than in the previous 300 years” (Rosenbaum, 2015).

While many Access CU members still insist on the preservation of local branches and clamor for longer hours, the Millennial generation is much less dependent on physical outlets. Already 87 percent of Access CU members conduct their business electronically. According to Peter Diamandis, executive chairman and co-founder of Singularity University, “Finance will be the most disrupted industry in the next 10 years” and the retail branches and their tellers will be the most obvious losers. “Bank branches will most be gone...this decade,” Diamandis says (Rosenbaum, 2015). Thousands of FinTech start-ups are forcing full-service financial organizations to unbundle their products and price them as stand-alones.

As Access CU has grown, its Board of Directors has transitioned from hands-on management to a focus on governance and oversight. Similarly, the staff, senior management and executive officers have had to adapt to significant changes in their roles and procedures. Now new technology and mobile apps may enable members to become more involved and responsive, but they too may need to change, overcoming what the respondent calls “business as usual” and “hesitance of the unknown.” Instead, to remain ‘masters of their own destiny,’ Access CU members must understand both the market opportunities and the strategic needs of the business they own and control.

Principle 3: Member Economic Participation

Member Economic Participation means that “members contribute equitably to, and democratically control, the capital of their co-operative.” At Access CU, as with many co-operatives, this principle has historically been associated with patronage dividends.

In 2015, Access CU Board made a strategic decision to cease issuing patronage dividends and, going forward, to pay out all existing surplus shares (i.e. previous patronage dividends that were allocated to members but not paid out in cash). The Board chose instead to offer upfront more competitive pricing. This is what members indicated they would prefer in the 2014 Member Survey conducted by Corporate Insights. The alternate approach still benefits members “in proportion to their transactions” since those with a higher volume of loans and/or savings qualify for enhanced rates.

Through policy and practice, Access CU has persuaded its members to accept the discontinuance of patronage refunds – recognition that this particular practice does not define the principle of

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

Member Economic Participation. Members expect the Board to invest and distribute the credit union profits equitably while maintaining a sustainable enterprise. This challenge is neither new nor unique to Access CU. As Fairbairn (1994) stated:

The problem [patronage refunds] goes back to Rochdale, but so does the solution: the 1854 statutes of the Pioneers made it clear that refunds were only one of the purposes to which a surplus should be applied, after necessary development of reserves and of business activities. That this point [patronage refund] should be so clear in theory, so clear in the statutes of the Pioneers, yet so often missed in practice, is a sign of how difficult it is in the real world of cooperatives to maintain a balanced view of the principles and practices of co-operation. This is one reason why 150 years of effort to identify simple, clear co-operative principles has generated ambiguity (Fairbairn, 1994, p. 16).

Three of the four operational Pillars—Members, Communities, and Financials—are directly affected by the principle of Member Economic Participation. The benefits to members include favorable upfront pricing, the reduction or elimination of service fees, rewards that reflect their volume of business, and the deployment of enhanced technology. In turn, the support and patronage of members contributes to the credit union's financial success and sustainability. The benefits to community come in the form of both financial support and employee volunteerism.

Based on the connection that this principle has with three of the operational Pillars at Access CU, it would seem advantageous for the organization to continue to pursue it.

However, two drawbacks should be noted. First, the elimination of patronage dividends is a fundamental change to the historical behavior of the credit union and its member's expectations. For some, this will take time to adjust. A second drawback is that when profits are retained within the organization to meet or exceed regulatory equity requirements, when they are used to update either technology or branches, or when they are invested in community projects, not all members are pleased or appeased.

Principle 4: Autonomy and Independence

Relating primarily to the "Financial" Pillar of Access CU, the fourth principle asserts that co-operatives are "autonomous, self-help organizations" and "(i)f they enter into agreements with other organizations, including governments....they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy." Yet the current reality is that provincial, federal, and international regulations dictate many of the credit union's actions and behaviours. This leads to a recurrent lament found in the "Verbatim Comments" of Access CU's 2014 Member Survey: "Something has been lost" (Access Credit Union Member Survey, 2014 pp. 66, 70, 91). Some members attribute the cause to "Mega merger fever" (66) and the "monster" size of Access Credit Union (68), rather than regulatory changes which drove the amalgamation in the first place.

The Deposit Guarantee Corporation of Manitoba (DGCM) sets out its regulations in the "Guidelines for Intervention":

- Regulated retained earnings must be 3.0% with a 0.5% buffer for a total of 3.5%.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

- Capital (equity) is set at 5.0% with a .05% buffer for a total of 5.5%.
- Gross operating profit is set at 50 basis points and net operating profit is set at 40 basis points.
- Risk-weighted equity is currently 8% and, beginning in 2016, will increase 0.5% per year for five years. With a 1.0% buffer, it will total 11.5% by 2021.
- Liquidity is set at 8% and regulators are now implementing a 2.0% buffer for a total of 10%.

While the purpose for these regulations is to ensure the stability and viability of financial institutions, many smaller credit unions will find it difficult to achieve the benchmarks. “Co-operative organizations should be organized as associations of persons, not as associations of capital” says Sven Böök in *Co-operative Values in a Changing World* (Book, 1994, p. 4). In Canada, the United States, and Europe, there is a general feeling within the credit-union environment that regulators have gained too much influence and control and that “co-operative autonomy” has been compromised.

The majority of the new or enhanced regulations were implemented as safeguards to protect the government and public from fraud, corruption or unsustainable practices. However, the increased requirements appear to be capitalistic in nature and co-operative values and principles have not been considered in their formulation. All organizations and institutions seem to have been painted with the same brush. “There should be two channels of rules or laws in the ‘banking world,’” Zamagni (2015), “one for banks that appear to be speculative in nature and the other for Credit Unions which do not speculate.” Such a solution would avoid penalizing institutions that have a record of sustainable practices and proactive monitoring of their operations.

Meanwhile, credit union leaders are responding by seeking adequate scale to balance the costs of compliance. That is one of the contributors to what Deloitte, a financial advisory service, has called a “fourth wave” in the evolution of credit unions. When a respondent in the 2014 Access CU Member Survey asked rhetorically “Is bigger better?” (91), the realistic answer would be “Sometimes, yes.” CU directors and managers are not just ‘keeping up with the (corporate) Joneses.’ They are responding to the demands of members who now expect a full-featured banking experience competitive with other financial institutions. While some members may decry what has been lost, they also need to appreciate what has been gained and preserved in the changing financial marketplace.

Any misguided effort to reclaim a credit union’s autonomy might lead regulators to intervene in detrimental ways. It could jeopardize the 100-percent guarantee which CU members in Manitoba currently have for their deposits. As one respondent noted, this guarantee is a big differentiator for credit unions and without it many deposits would leave. Another consequence could be that the Deposit Guarantee Corporation could step in and actually run the credit union. In that instance, members would suffer a complete loss of independence. The constraints of increased regulation are real and often irksome, but Access CU can build its identity and differentiation by placing greater emphasis on the other six principles, ones which have not been given as much attention in past practice—especially more education for its members and information for the public.

Principle 5: Education, Training, and Information

“Learning is our most distinctive trait and also our key competitive advantage” (Lane, Maznevski, Mendenhall, & McNett, 2004, p. 181). Those are the words of Matthew Barrett, who served as the CEO of Bank of Montreal from 1987-1989 and its Chairman from 1990-2004. Barrett knew what he was talking about. During his term of leadership, BOM quadrupled its market cap.

Yet learning is not the exclusive domain of big Canadian banks. It also can be a key *co-operative* advantage. Bill Turner recognized this in his 2006 article “Co-operative Membership: Issues and Challenges.” “In a more complex, interdependent, and competitive world,” he wrote, “the key to co-operative success will rest with a well-educated and -trained membership” (Turner, 2006, p. 8)

Managers & Employees

At Access CU, the principle of “Education, Training and Information” relates to all four of the operational Pillars and, as has been noted, the education of Access employees is a distinctive strength of the organization. In the co-operative spirit of Principle 6, it enables management and staff to “contribute effectively to the development” of the credit union. This is especially important for an organization where many of the vacancies in mid-to-upper management are filled internally. Further education and continued learning for these long-term employees is a vital source of the new ideas and fresh perspectives that in other organizations might come from “new blood.”

At over half a million dollars annually, the cost of such education and training at Access CU is high, yet the credit union views such expenditures as an investment, not just an expense. According to one management respondent, Access employees can “leverage their education so that they are more able to make decisions and become more autonomous and independent”.

In this area of the credit union’s operation, the fifth co-operative principle is well honoured and is a trait to be maintained rather than extended. Access employees are aware that their time commitment for education, in addition to their ongoing financial work, poses challenges when balancing the home-and-work demands of life. However, that time investment is compensated with both career advancement and improved wages.

Board of Directors

Although each director of the Access CU board completes the three-level CUDA program in governance and oversight, that learning is no longer adequate preparation to deal with the complex regulatory procedures and the processes necessary to retain democratic control. As one respondent observed, a strategy for additional learning is needed that will “focus on understanding systems, risks, and other pertinent variables”.

Access CU directors are financially compensated for their service, but the amounts are modest and do not correlate to the effort and education required.

Members

For Access CU, the educational area of greatest need—and opportunity—is that of members. It is the one point at which the credit union appears to be *Poorly Aligned* with the co-operative principles.

Likely, the change should begin with financial literacy. One respondent calls for this—“more financial literacy to the general public and membership at large”. Another respondent concurred: “Lack of good financial education sets a person up for failure”. When members were asked “where Access CU falls short,” in the 2014 Member Survey, many responses pointed to the need for greater “financial education.” “Knowledge of financial investing is limited,” said one. “Assisting their clients with financial decisions,” said another. “Long term financial planning is where they are losing people,” said yet another.

Access senior management is aware of the need. “We are notably absent on the financial literacy frontier,” admitted one respondent.

The 2014 Member Survey reported that 62 per cent of the respondents had a financial plan, but that most of them were not documented, and that another twenty-one percent did not have a plan but were “interested in having one.” “Preparing a financial plan for members can be an important step toward deepening your relationship with them,” the Survey concludes, “and also has a positive impact on SOW [Share of Wallet]” (p. 14).

The educational needs of members might be addressed in a number of ways. Simplest and most immediate might be to offer guidance on the Access CU web site. Other financial institutions use this means to provide clients and shareholders with significant on-line information. Tangerine, for example, is an on-line banking service founded by the Netherlands-based ING Group (1997) and subsequently acquired by Scotiabank (2012). The “Forward Thinking” section of the Tangerine web-site (<https://www.tangerine.ca/forwardthinking/>) offers “stories, articles, and other information about personal finance topics, insights and perspectives.” The finance topics include Savings, Spending, Investing, and Borrowing. The Royal Bank, a competitor of Access CU in several Manitoba communities, offers on its website advice on investing, financial planning, estate planning, tax strategies, retirement, and so on. As well, Royal Bank provides its shareholders with daily e-mails and client-only access-to-information on financial markets and stock performance.

The southern Manitoba region does not have a television station, but increasingly residents—including Access CU members—turn to YouTube broadcasts for needful information. Edward Jones, to name just one financial services firm, has many short videos available to assist the learning of viewers—e.g. “6 Ways to Help Your Family Finances,” “Estate Strategies are for Everyone,” “Mission Possible: Saving for Retirement.” Access Credit Union currently does have one offering—“Deposit Anywhere with Access Credit Union”—but such resource material could be affordably expanded, especially if it followed an in-depth format such as “Talks at Google” or the popular “Ted Talks.”

Yet another approach would be to offer a series of financial-planning seminars at the satellite-campus of Red River College in Winkler or at school facilities within the credit-union service area. Registration for such courses might be open to the public (space permitting), with substantive discounts offered to Access CU members. Birchall (2005) has noted that “people are

being bombarded with images of investor-ownership as being the normal way to do business” (Birchall, 2005, p. 50). The classes might cover the familiar topics—budgeting, saving, spending, investing, borrowing, preparing for retirement, managing risk, and so on—but be infused with co-operative philosophy, the seven principles included, and show there are other “normal” ways to do business. In the 2014 Access CU Member Survey, 61 percent of the respondents rated socially-responsible investments to be “relatively important.” Any teaching in this area might be connected with the co-operative “Concern for Community.” If well designed, the financial planning seminars also might reflect some of the major issues confronting Access CU—such as the need to diversify assets to have balanced portfolios.

The General Public

Access CU staff are generous in the assistance and expertise they provide to schools and community groups, and they should continue their efforts, especially in those areas relating to money management and financial planning. The previous rating of “Moderately Aligned” and the contention that there is much room for improvement derive from the need to be more strategic in outreach.

A respondent who has been an advocate of creating materials that go into the schools, at the elementary, junior high, or senior high levels commented: “If we’re grassroots, we can plug into local sources. We have ‘Ag in the Classroom’ and ‘Youth in Philanthropy,’ but not ‘Finance.’ Why not?”. Classroom teachers are increasingly busy people, and generally welcome materials that are well-developed and aligned with the curricular outcomes of Manitoba Education. Access CU could underwrite the creation of age-appropriate material on the co-operative movement. Targeted at the Grade 11 History of Canada course (and perhaps related to the “Identity, Diversity, and Citizenship” or the “Governance and Economics” themes), such social-studies lessons could recount the stories of significant co-operative leaders and what they achieved. Or lessons could be developed for the Grade 12 Global Issues course, connecting the co-operative movement with the study of “Active Democratic Citizenship” (Grade 11 History of Canada).

One respondent who is an educational consultant, suggests that Access also might promote its co-operative philosophy by supporting educational groups that train teachers and students in the co-operative approach to learning—for instance, the Manitoba Association of Cooperative Learning Teachers (a Special Area Group of Manitoba Teacher Society) or the Manitoba Rural Learning Consortium Co-op Inc.

“Transmission of the co-operative message used to be achieved through more informal channels,” says Birchall (2005) “...These days, the need to inform the public of the basic co-operative message has become vital, and we have to do it more formally through public relations work, commercial advertising, schools projects and so on” (Birchall, 2005, p. 56). The school-oriented initiatives described above might go a long way in conveying “the co-operative message” to a new generation and depicting credit unions as a “normal” way to do business.

Just as there are few educational opportunities available for members of Access CU, there also are few incentives for these members to seek further education, other than personal growth and development. Any effort to improve the education and training of Access CU members should identify ways to overcome this drawback.

Principle 6: Co-operation Among Co-operatives

After rejecting a merger proposal, a respondent suggested that co-operation between co-operatives might secure “many of the benefits that Access was trying to gain through the merger.” It might be “as good or even better than the merger proposal”. While the co-operation of Access with other Manitoba credit unions does not address its need for a larger capital pool or more diversified and balanced assets, it can extend its reach, as it did in the loan to True North and the donation to the Canadian Museum of Human Rights. Such working partnerships may serve as a bridge to future mergers.

Local

At the local level, Access has the opportunity to develop more internal training in such areas as lending and member-service. Most of these practices and procedures are not specific to any one credit union and could be done as “joint partnerships” with others in the area. In a micro-version, Access CU is already doing this within its own 17 branches. It tries to co-ordinate the initial two-week training of new hires. Before sending new staff to their respective branches, an Access program acquaints them with the basics they must know for a successful start. There is also an opportunity for credit unions in the region to partner in advertising and marketing, focusing on the broader co-operative values and principles rather than competing products and services.

Provincial

Provincially, credit unions have numerous opportunities to work together. This ranges from participation in more “working groups” like the one that is developing new FSR training materials to shared initiatives in marketing and training. For Access, partnering in visible ways with Winnipeg CUs—perhaps in the delivery of financial planning classes—might help to bridge the rural-urban divide evident in one respondent’s merger-debate claim that “the values and desired community involvement of many of the rural Manitoba credit union members are not aligned with the values of many in urban Winnipeg”.

Within Manitoba, credit unions compete more with each other over rates than with banks. Consequently, collaboration can seem like “sleeping with the enemy.” As the margins of return have grown tighter, credit unions have had to work more on volume and for that they need to grow.

National

Working together at the national level, Canadian credit unions could undertake initiatives on a larger scale than is possible locally or provincially. For instance, an economist could be hired to advise all Canadian CU’s and, potentially, all CU members. Having the daily economic outlook of an economist who understands credit union dynamics could be a significant benefit to staff and members.

Co-operation among Co-operatives touches directly and indirectly on each of the four operational Pillars at Access, and it reflects the co-operative philosophy of “Better Together.” Given the rapidly changing landscape in the financial services sector, the co-operation of Access

with other Manitoba credit unions may be not just desirable but vital and necessary to its survival.

Principle 7: Concern for Community

In the days following the wildfires in Fort MacMurray, Rex Murphy stated in a CBC commentary: “The consideration of Canadians in times of challenge is our greatest bond” (Murphy, 2016). Murphy was speaking of Canadian’s support for fellow citizens during times of crisis. During such times, most people show concern for community. But with CUs, this concern is a matter of everyday practice, not just “in times of challenge.”

It has been noted already that Access CU is generous with its donations of money and staff time to community needs. Having a strong presence in communities where it has branches and financially supporting community projects and activities is a philosophy that resonates deeply with the credit union’s directors, management and staff. It is one of the four Pillars that CEO Larry Davey brought to the organization at the outset of his leadership. This track record of strong community support mirrors CUCC data cited by Rixon (2013): CU’s give four times as much (proportionately) back to communities as banks do; CU’s engage in more education; and CU’s keep open more branches than do banks (Rixon, 2013, p. 14). Even so, there can be tension between certain of the seven principles. For Access CU, this is the case with the third and the seventh principle. Birchall (2005) explains the quandary: “What we do not know is where the trade-off between member benefits and community benefits is being made and whether it is in the long-term interests of members” (Birchall, 2005, p. 58). A number of Access members would echo that sentiment. One respondent says he feels troubled by the amount of money that Access gives to the communities. “It is members’ money,” he insists. “Yes, the donations benefit the community, but shouldn’t it be (given back) to the members? ‘If I get the money back, I can contribute to these community projects’”. Respondents in the 2014 Member Survey spoke even more bluntly. “I don’t approve of all the Access donations,” one wrote. “That’s not what you are in business for. You should be lowering our costs, not increasing my costs so you can donate money at my expense to charities I don’t support.” Yet another wrote: “Was the original mandate of credit unions to become social / environmental leaders or to get the best returns for their members?” That respondent concluded that Access should “go with the original mandate” and “get the best returns” (Access Credit Union Member Survey 2014, pp. 70, 117).

One might argue that “Concern for Community” principle definitely was part of the original mandate of co-operatives and credit unions, but that does not sidestep the difficulty which Birchall speaks of—“the trade-off between member benefits and community benefits.”

The Seven Principles: The Collective Advantage

The second part of this Access CU case study has considered the advantages and some of the disadvantages of moving closer to each principle. Yet it is important to remember that the seven principles have a collective impact. It may be that the true “co-operative advantage” of which Bill Turner spoke derives not just from Education. Rather, like a rope made up of multiple strands, the strength comes from how the seven principles all work together.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

Birchall (2005) speaks of the ICA formulation of the seven principles as a “new Identity Statement” that has been “extremely helpful in defining the co-operative difference. It carefully includes the main principles, in such a way that the reader can be in no doubt about what a co-op is and is not...” (Birchall, 2005, p. 52) “In practice,” he says, “the Identity Statement could be much better appreciated and more extensively used” (Birchall, 2005, p. 53). It is a worthy goal.

Both Access Credit Union documents and the interviews conducted make it apparent that members hold deeply-felt but divergent views of the credit union’s mandate or purpose. For one member, it is collecting an annual patronage refund. For another, it is securing better returns or lower rates than available at banks. For still others, it may be retaining the small-town personal touch or borrowing based on character rather than collateral. Each of these characteristics has a historical association with the credit-union movement, but none of them—independently or combined—adequately defines it. That is the role of the seven principles, and the identity they give can carry credit unions forward into the future.

Kenichi Ohmae, who served as the managing director of McKinsey & Company, was a prolific writer and an early theorist about global organizations. Ohmae described the need for organizational identities that transcend local boundaries (Ohmae, 1991, p. 181). In the Access CU history of mergers, a recurrent concern of members has been the potential impact of “scaling up” and a fear of what might be lost in the process. As organizations extend themselves beyond their borders—be those regional, national, or international—they struggle with questions of identity. Ohmae finds a solution in a focus on values. What is most important, he says, is a system of core values that all employees accept.

Access CU is fortunate to have, as part of its co-operative heritage, the values found in the seven principles. These may be the key to its identity, one that opens the door to future expansions and provides a pathway not just beyond the rural-urban divide, but beyond political, religious, and geographical borders as well.

IV. Conclusion and Recommendations

This case study has assessed how closely the policies and practices of Access Credit Union align with each of the historic seven co-operative principles. It also has evaluated the advantages and disadvantages of moving closer to these principles, including consideration of the impact on Access CU of increasing regulations in the financial industry.

Access CU’s Alignment:

Only three of the principles—Open and Voluntary Membership (#1), Democratic Member Control (#2), and Concern for Community (#7)—are formally reflected in the credit union’s policy documents. All of the others are reflected in the organization’s practice, to a greater or lesser degree.

After paying out the final Surplus Shares in 2016, Access CU has shifted from the use of patronage dividends (often associated with the principle of Member Economic Participation [#3]) to other modes of benefit: e.g. lower fees; competitive, up-front pricing; and deployment of

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

up-to-date technologies. Though the principle now is addressed in a different manner, members still benefit in proportion to their transactions.

Maintaining the credit union's Autonomy and Independence (#4) poses great challenges for Access managers and leaders in the face of increasingly stringent regulations imposed by governments and the financial industry. At present, Access CU financial compliance exceeds the required standards. In the "changing credit-union landscape," one respondent emphasized the importance of nurturing autonomy and independence, and one of the ways the directors and executive do this is to factor the regulations into their strategic planning.

Principle 5—Education, Training, and Information—relates to four broad groups: Employees, Directors, Members, and General Public. Access CU excels in employee education, does moderately well with the training of directors and the general public, but poorly with its members. That need for improvement presents a significant opportunity for the credit union and also a challenge to find appropriate incentives.

Access CU has a "co-operative-citizen" culture and its "Co-operation among Co-operatives" (#6) is reflected in partnering activities at the local, provincial, national and international levels. Access partners with other credit unions whenever possible and it shares information, ideas, and practices so long as doing so is not detrimental to the welfare of its own members.

Moving Closer to the Seven Principles: Advantages and Disadvantages

The advantages and disadvantages of moving closer to the seven co-operative principles were considered primarily in operational terms—do they benefit or hinder any of the "Four Pillars" (members, community, employees, financials) that CEO Larry Davey introduced at Access?

Principle 1: At Access CU, the policies of Voluntary and Open Membership need little, if any, change. However, the CU management and staff might place greater emphasis on both the "membership advantage" and "the responsibilities of membership."

Principle 2: Access members clearly demonstrated their democratic control in the rejection of the 2015 merger proposal. New technologies enable members to become more involved and responsive, but the results may be disruptive and unpredictable. Greater member involvement also may delay decisions at a time when "windows of opportunity" are brief. In the face of rapid change in the financial industry, members—as well as directors, senior management and staff—will need to look beyond the "business as usual" approach and understand better the opportunities and needs of the business they own and control.

Principle 3: Responding to feedback in a 2014 Member Survey, Access CU's board of directors opted to end patronage dividends and emphasize other forms of membership benefit. The change has not pleased some members.

Principle 4: Provincial, federal and international regulations now dictate many of the actions and behaviours of credit unions, and they may constrain the independence of Access CU. While some Access members dislike the altered environment and blame it on past mergers, the change is more a result than the cause. In this new landscape, Access CU may need to build its identity through greater emphasis on the other six principles.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

Principle 5: Learning can be a key co-operative advantage. Access CU invests well in the education of its staff and the training of its directors. It can improve on education for both its members and the general public. An affordable starting point would be to offer quality articles on its website. Seminars for members might cover familiar financial-planning topics, but should be infused with co-operative philosophy and help participants to understand that credit unions are part of the “normal” way of doing business.

Principle 6: By working together as partners, credit unions can extend their reach, whether as lenders or donors. For Access CU, there are opportunities to co-operate at the local, provincial, and national levels.

Principle 7: At credit unions, concern for fellow citizens is an every-day practice, not an exceptional one. Some Access members express discontent with the credit union’s financial generosity to community projects. The tension between community benefits and members’ economic benefits is real, but community support is a distinguishing characteristic of Access.

Recommendations:

Based on the foregoing assessment and evaluation, the Access executive, senior management and directors can take a number of specific steps to protect and enhance the credit union’s “Co-operative identity.”

1. The Board of Directors can protect the distinctiveness of Access as a credit union by formulating policies for each of the missing principles—Member Economic Participation; Autonomy and Independence; Education, Training, and Information; and Co-operation Among Co-operatives.

A respondent indicated that for the Access board, the seven principles are “part of their D.N.A., not just in their role as directors of the credit union, but also in their everyday life”. Even so, formal policies are the primary means by which a Board communicates its expectations and creates a basis for credibility and accountability. Another respondent noted: “It is through policy development that organizational values become fully integrated in the organizational culture, that program and service standards are established and realized, and that risks are managed”.

2. The Access CU Executives and Senior Managers can establish Key Performance Indicators (KPI) for each of the seven principles, starting perhaps with “Education for Members” since that is an identified need.

A common saying among Access’ management is “What gets measured gets done.” This philosophy is not unique to Access. Novkovic phrased it as, “What is measured is also pursued” (Novkovic, 2006). Birchall also spoke of an optimistic future in which “the principles will be used increasingly as a framework for evaluation, for determining the co-operative ‘bottom line’ and measuring co-ops’ promise against performance” (Birchall, 2005, p. 62). In a credit union where financial benchmarks often dominate, it can seem challenging to find reliable indicators for all seven principles, but researchers such as Dr. Daphne Rixon have provided much helpful guidance. In “An Examination of Key Performance Indicators

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

Reported by Credit Unions in North America” (2013), Rixon clearly links KPI’s to the seven ICA principles.

3. Access executives and senior managers can enhance the distinctiveness of Access as a credit union by focusing on the educational needs of its members. Those educational needs relate to every one of the seven principles.
 - Voluntary and Open Membership: Recognizing that “Open” membership is impacted by problematic issues from larger society, especially religious and gender identities competing with co-operative identities (e.g. Islamophobia, Homophobia), Access CU should continue to support community leaders and processes that address hard questions, promote healthy dialogue, and build understanding.
 - Democratic Member Control: Access CU should continue to utilize evolving technologies (e.g. mobile apps) to encourage a broader and fuller participation of members in decision making, coupled educational initiatives that help those members to understand the challenging realities of managing the organization.
 - Member Economic Participation: Addressing the changed approach to member benefits, Access CU should continue to promote to members what is gained (upfront pricing, improved access through technology) rather than what is lost (patronage dividend).
 - Autonomy and Independence: While complying with regulations that insure financial soundness and stability in turbulent economic times, Access should redouble its efforts to promote the co-operative view (stakeholder interests—all benefit from profits) and counter the narrow investor-owner view (shareholder interests—investors are the primary beneficiaries). Access CU leaders must help its members understand that size does matter, that sometimes “bigger *is* better,” and that mergers can be an effective means of maintaining independence and autonomy.
 - Education, Training and Information: Access CU should respond to its members’ interest in improving their financial knowledge and do so in a way that reflects co-operative philosophy. It should be more strategic in its outreach and commit to school-oriented initiatives in both financial literacy and co-operative history and ways of thought. It should provide such additional training for the board of directors as is necessary to insure that their governance and oversight fully meets the needs of the credit union. And it should continue to invest actively in the education of its employees, not just as a “job perk” but as a vital way of staying fresh and innovative in a rapidly changing financial-services landscape.
 - Co-operation Among Co-operatives: Where it serves its members’ interests, Access CU should continue to seek partnerships with other credit unions—e.g. the training of employees, the education of members and the general public. This has value not just for such efficiencies as may be found, but also in building relationships with and trust in leaders of credit unions which may become merger prospects.
 - Concern for Community: Access CU leadership should continue to support a variety of community activities and projects, both financially and with volunteers, recognizing there may be a trade-off between Concern for Community (Principle 7) and members’ expectations of economic benefit (Principle 3).

The “original mandate” of credit unions is much broader than just individual profit. It encompasses all seven of the Co-operative Principles. It affords a distinctive identity and

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

bestows values that help to transcend boundaries. It has been said: “The most important obligation we have as co-operators is to look at the world as it might be, to see past the oppressive realities of the present and to work for a future in which furthering human dignity, not profit, motivates our actions” (Bedford, Ford, & Pobihushchy, 1994, p. 17).

That is a bold and worthy goal, and we can see the world “as it might be” most clearly through the lens of the seven co-operative principles. They are not just a sentimental legacy, but rather the historic heart of the co-operative movement. They propel the lifeblood of its future and, if embraced resolutely and applied judiciously, they have the potential to revitalize and give new direction to Access Credit Union.

References

- Access Credit Union Limited. (2009). Community Investment Policy. Unpublished Internal Document.
- Access Credit Union Limited. (2009). Member Accounts Policy. Unpublished Internal Document.
- Access Credit Union Limited. (2016). Audited December 31 2015 Year End Financial Statement.
- Access Credit Union Limited and Assiniboine Credit Union Limited. (2015). Better2gether Member Newsletter.
- Beaubien, L., & Rixon, D. (2014). "Intentions, Observations, and Decisions: Metrics in Insurance Co-operatives". *Accountability and Social Accounting for Social and Non-Profit Organizations*, 113-127. Retrieved from <http://dx.doi.org/10.1108/S1041-706020140000017004>
- Bedford, D., Ford, E., & Pobihushchy, S. (1994). Co-operative Values in a Changing World: A Co-operative Critique. In D. W. Attwood, & J. Hanley (Eds.), *Canadian Association for Studies in Co-operation 1993 Yearbook* (pp. 17-29). Saskatoon, Saskatchewan: Centre for the Study of Co-operatives, University of Saskatchewan.
- Bergen, B. (2015, September 9). Letter to the Editor.
- Birchall, J. (2005). Co-operative Principles Ten Years On. *ICA General Assembly*, 98(2), 45-63.
- Book, S. (1994). Co-operative Values in a Changing World. In D. W. Attwood, & J. Hanley (Eds.), *Canadian Association for Studies in Co-operation 1993 Yearbook* (pp. 1-16). Saskatoon, SK: Centre for the Study of Co-operatives, University of Saskatchewan.
- Braun, A. (2009, January 23). *The Winkler Times*.
- Cameron, J. (2016, April 13). Writing Board Policy Manuals: A Guide to Governance. *Winnipeg Workshop*.
- Cantelon, P. (2015, October 1). Editorial. *The Morden Times*.
- Conference Board of Canada. (2014). Retrieved from Learning and Development Outlook: http://www.conferenceboard.ca/temp/548c29ee-f697-400e-bcdc-c5a05e5ac681/5734_learningdevelopmentotlk_2014_rpt.pdf
- Co-operative Identity, Values and Principles*. (n.d.). Retrieved from International Co-operative Alliance: <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>
- Corporate Insights Inc. (2014). Member Survey: Overall Results. Unpublished Internal Document for Access Credit Union.
- Cruikshank, D. (2015, April 30). Did anti-gay vote sink credit union merger? *The Morden Times*.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

Danielson, L. (2016, April 22). Educational Consultant with Wellspring Consociates. (M. Derksen, Interviewer)

Danielson, L. (2016, May 11). Educational Consultant with Wellspring Consociates. (M. Derksen, Interviewer)

Davey, L. (2016, February 18). President & CEO. (M. Derksen, Interviewer)

Davey, L. (2016, March 8). President & CEO. (M. Derksen, Interviewer)

Davey, L. (2016, June 7). President & CEO. (M. Derksen, Interviewer)

Davey, L. (2016, May 24). President and CEO. (M. Derksen, Interviewer)

Deloitte. (2014). 21st Century Co-operative: Rewrite the Rules of Collaboration. Retrieved from <http://www2.deloitte.com/content/dam/Deloitte/ca/Documents/financial-services/ca-en-financial-services-21st-century-co-operative.pdf>

Dilon, E. (2016, June). Canadian Credit Union Association Conference. *Guest Speaker CEO of Conexus Credit Union*. Saskatoon.

Drucker, Peter. (1985). *Innovation and Entrepreneurship: Practice and Principles*. New York, NY: Harper & Row, Publishers.

Dutcher, S. (2013). The Co-operative Values. *Module 6 Philosophy & History MMCC 5100*.

Dyck, D. (2016, May 20). Life long member and Plum Coulee area farmer. (M. Deerkson, Interviewer)

Fairbairn, B. (1994). The Meaning of Rochdale: The rochdale Pioneers and the Co-operative Principles. *University of Saskatchewan Printing Services*, 1-37.

Grade 11 History of Canada. (n.d.). Retrieved from Manitoba Education and Training: http://www.edu.gov.mb.ca/k12/cur/socstud/history_gr11

Harries, R. (2016, March 11). Vice President Branch Operations. (M. Derksen, Interviewer)

Harries, R. (2016, February 19). Vice President Branch Operations. (M. Derksen, Interviewer)

International Co-operative Alliance ICA . (1996, January 8). Retrieved from University of Wisconsin Centre for Cooperatives: <http://www.uwcc.wisc.edu/icic/issues/prin/21-cent/declar.html>

Janzen, A. P. (2015, September 10). Letter to the Editor. *The Winkler Morden Voice*.

Ketilson, L. H. (2006). Revisiting the Role of Co-operative Values and Principles. *University of Saskatchewan: Centre for the Study of Co-operators*.

Klassen, R. (2015, September 10). *The Winkler Morden Voice*.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

- Lane, H. E., Maznevski, M. L., Mendenhall, M. E., & McNett, J. (2004). *The Blackwell Handbook of Global Management A Guide to Managing Complexity*. Malden, MA: Blackwell Publishing Ltd.
- Loewen, D. (2015, September 10). Access discusses reasons to merge. *The Morden Times*.
- Loewen, D. (2015, September 24). Press Interview. *The Winkler Morden Voice*.
- Loewen, D. (2016, February 24). Board Chair of Access Credit Union. (M. Derksen, Interviewer)
- Loewen, D. (2016, March 16). Board Chair of Access Credit Union. (M. Derksen, Interviewer)
- MacPherson, I. (2012). Historic changes in the Canadian credit union movement. *Businesses with a difference: Balancing the social and economic*.
- Manitoba Laws. (2011). *Credit Union and Caisse Populaire Act*. Retrieved from <http://web2.gov.mb.ca/laws/statutes/ccsm/c301e.php>
- Michnik, J. (2015, September 24). *The Winkler Morden Voice*.
- Michnik, J. (2015, May 27). *Does Shariah compliance matter to Access CU*. Mass email.
- Murphy, R. (2016, May 12). Broadcaster. *CBC National News*.
- Novkovic, S. (2006). Co-operative Business: The Role of Co-operative Principles and Values. *Journal of Co-operative Studies*, 39(1), 5-15.
- Novkovic, S. (2016, May 5). Cuban Report-Cooperativism and Governance. Webinar.
- Ohmae, K. (1991). *The Borderless World: Power and Strategy in the Interlinked Economy*. New York, NY: Harper Collins Publishers.
- Rheingold, H. (2002). *Smart Mobs: The Next Social Revolution*. Cambridge, MA: Perseus Publishing.
- Rixon, D. (2013). *An Examination of Key Performance Indicators Reported by Credit Unions in North America*. Filene Research Institute, Madison, Wisconsin.
- Rosenbaum, E. (2015, June 2). *Retail bank branch is doomed, and banks don't know it*. Retrieved from <http://www.cnbc.com/2015/06/02/retail-bank-branch-is-doomed-and-banks-dont-know-it.html>
- Tanguay, L. (2016, February 19). Director of Credit. (M. Derksen, Interviewer)
- The Morden Times. (2015, September 15). *Advertisement*.
- The Pembina Times. (2008, October 10).
- The Winkler Morden Voice. (2015, April 30). *Article*.

EXPLORING A PRINCIPLED PATHWAY TO THE FUTURE

The Winkler Times. (2008, October 10).

The Winkler Times. (2009, January 23).

The Winkler Times. (2009, January 30).

Thiessen, A. (2016, April 29). Life-Long Member and President and CEO of Winkler Building Supplies (1981) Ltd. (M. Derksen, Interviewer)

Turner, B. (2006). Co-operative Membership: Issues and Challenges. *University of Saskatchewan: Centre for the Study of Co-operatives*.

Vandermeulen, G. (2015, September 24). *The Morden Times*.

Vandermeulen, G. (2015, April 30). Vote on merger merits, not morals. *The Morden Times*.

Watkins, W. (1986). *Co-operative Principles, Today and Tomorrow*. Manchester: Holyoake books.

Wiebe, M. (2016, March 16). Senior Vice President & COO. (M. Derksen, Interviewer)

Wiebe, M. (2016, February 25). Senior Vice President & COO. (M. Derksen, Interviewer)

Wieler, A. (2016, February 25). Vice President Human Resources. (M. Derksen, Interviewer)

Wiens, J. B., & Veldman, J. (2015, September 8). Letter to the Editor. *The Western Canadian Manitou Manitoba*.

Zamagni, S. (2015, June 4). Professor University of Bologna. *Class Lecture*. Bologna.